DEPARTMENT OF THE FORESTRY

DECREE OF THE MINISTER OF FORESTRY
NUMBER : 23/Kpts/II/1994 ; DATED : JANUARY 17, 1994

RE

THE EXTENSION OF FOREST CONCESSIONS

THE MINISTER OF FORESTRY,

Considering :

a. that forest concessions are granted for a maximum period of 20 years in accordance with Government Regulation Number : 21 of 1970 jo. Government Regulation Number : 18 of 1975;

b. that forest concessions which expire can be extended, if they meet requirements for the extension of forest concessions and do not contradict public interests;

c. that Decree of the Minister of Forestry dated November 8, 1990 Number 649/Kpts-II/1990 on the Requirements and Procedure for Filing and Evaluating Applications for the extension of forest concessions needs to be improved and adjusted to the development of situation;

d. that in conjunction with the above matters, it is deemed necessary to stipulate a Decree of the Minister of Forestry on the extension of Forest Concessions.

Bearing in mind :

1. Law Number 5 of 1967;

2. Government Regulation Number 22 of 1967 jo. Government Regulation Number 21 of 1980;

3. Government Regulation Number 21 of 1970 jo. Government Regulation Number 18 of 1975;

4. Government Regulation Number 33 of 1970;

5. Government Regulation Number 29 of 1986;

6. Presidential Decree Number 44 of 1974;

7. Presidential Decree Number 15 of 1984 jo. Presidential Decree Number 58 of 1993;

8. Presidential Decree Number 96/M of 1993;

9. Decree of the Minister of Forestry Number 677/Kpts-II/1993.

HAS DECIDED :

To stipulate : **THE DECREE OF THE MINISTER OF FORESTRY CONCERNING THE EXTENSION OF FOREST CONCESSIONS.**

CHAPTER I

GENERAL PROVISIONS

Article 1

Hereinafter referred to as :

a. A forest concession, hereinafter abbreviated as HPH, shall be the concession to manager forests within a forest area, including felling, rejuvenating and maintaining forests, managing and marketing forest products in accordance with the Working Plan for Forest Management with due observance to the prevailing provisions and the principles of forest conservation and company.

b. The extension of HPH shall be the granting of forest concession to manage forests in the following period.

c. The Advisory Team shall be the team assigned to give considerations and suggestions to the Minister in connection with applications for the extension of HPH.

d. The working area of HPH shall be the forest area burdened with HPH.

e. The Working Plan for Forest Management shall be the general working plan for forest management validated by the Minister of Forestry to manage forests for a period of 20 (twenty) years.

CHAPTER II

REQUIREMENTS FOR THE EXTENSION OF HPH

Article 2

(1) The extension of HPH shall meet the following requirements :

a. The forest area which will be granted the extension of HPH for the following period shall be located in production forests and/or other forest areas deeclared production forest areas with size and wood potention as

a unit of HPH on the basis of the principles of conservation and company.

b. In managing forests within the previous period of 20 years the relevant holders of HPH shall meet obligation and provisions laid down in FA/SK HPH (Forestry Agreements/Decisions on Forest Concessions) and the prevailing legislation either in conserving or managing forests.

(2) The evaluation of the size of HPH as meant in paragraph (1) letter a shall be conducted by taking into account the existing virgin forests and the plane for unit of production forest exploitation.

Article 3

(1) The holders of HPH shall implement the principle of forest conservation if in managing forests in their HPH they carry out activities such as determining the boundaries of forests, managing, rejuvenating, maintaining, protecting and safeguarding forests as well as exploiting forests not in excess of forest potentials and/or without causing damages to forests.

(2) The holders of HPH shall implement the principle of company, if in managing forests in their HPH they exploit forests efficiently, their investment increases, their company is profitable, the activities of their company run smoothly, and they have organization and complete forestry technical workers.

Article 4

Further provisions required for the implementation of Articles 2 and 3 shall be stipulated by the Director General of Forest Concesssions.

Article 5

In addition to meeting the requirements as meant in Article 2 the holders of HPH filing an application for the extension of decision on forest concession (SK HPH) shall also meet the following requirements :

a. Having a wood processing industry or share linkage in other industries in accordance with Decree of the Minister of Forestry dated October 27, 1993 Number 684/Kpts-II/1993 on the form of ownership and linkage of forest concession in an upstream wood processing industry.

b. Having the status as a domestic investment company.

c. Having no financial arrears to the Government.

d. Having obtained a recommendation from the Governor/Head of First Level Region on the linkage between the plan for regional development and HPH for which the extension of SK HPH is applied.

e. Having transferred part of their shares to cooperatives.

CHAPTER II

DOCUMENTS ATTACHED TO AN APPLICATION FOR THE EXTENSION OF HPH

Article 6

The application for the extension of HPH shall have the following documents attached :

a. A deed on establishment and amendment thereof;

b. A report of forest management within the previous period of 20 (twenty) years as the fulfilment of obligation in accordance with FA or SK HPH and the report shall be known by the Head of the Forestry Service of the relevant First Level Region;

c. A project proposal for forest management within the following period drawn up according to a vegetation interpretation map based on the interpretation of aerial photograph with a scale of 1 : 20,000 with the age of photograph being no more than 2 (two) years and so forth;

d. The latest vegetation interpretation maip with a scale of 1 : 25,000, contour - line map with a scale of 1 : 25,000, mosaic aerial photograph map with a scale of 1 : 20,000 and aerial photograph with a scale of 1 : 20,000 on the condition that if an aerial photograph with a scale of 1 : 20,000 may not be 100% obtained, a TM landsat image with a resolution of 30 meters of band 542 (natural colour) or band 432 (quasi colour) or spot image with a resolution of 20 meters with a scale of 1 : 100,000 or radar image with a scale of 1 : 100,000 or radar photograph with a scale of 1 : 50,000 can be supplied;

e. The balance sheets of the company in the last three years already audited by a public accountant;

f. An evidence that the holder of HPH has the status as a domestic investment company;

g. An evidence that the holder of HPH already fulfil financial obligations to the government in the last 3 (three) years, i.e. the financial obligation in the forestry sector, the obligation to pay tax by holding an evidence of tax clearance from the authorized institution and other financial obligation to the government;

h. An evidence that the holder of HPH has a wood processing industry and/or linkage with wood processing industry through share ownership;

i. An evidence that the holder of HPH already equitably distribute part of their shares to cooperatives;

j. A letter of recommendation from the Governor/Head of the First Level Region.

CHAPTER IV

THE PROCEDURES FOR FILING AND EVALUATING APPLICATIONS FOR THE EXTENSION OF HPH

Article 7

(1) The manager of the company of the holder of HPH shall file an application for the extension of HPH to the Minister of Forestry with copies addressed to the Director General of Forest Concessions, the Director General of Forest Inventory and Management and the Secretary General of the Department of Forestry.

(2) The application for the extension of HPH shall be filed within a period of 5 (five) years at the earliest and within a period of 2 (two) years at the latest before the expiry of SK HPH.

(3) The Minister of Forestry shall reject applications for the extension of HPH which do not meet the requirements as meant in Articles 2 and 5 by stating the reason for the rejection whose concept is prepared by the Director General of Forest Concessions.

Article 8

(1) The Director General of Forest Concessions in his capacity as the Chairman of the Advisory Team shall evaluate applications for the extension of HPH by taking into account considerations and suggestions from the relevant echelon I officials.

(2) The evaluation as meant in paragraph (1) shall be based on :

a. The area of forests based on the interpretation map of aerial photograph with a scale of 1 : 20,000 and the area of forests based on a field study on the condition that if an aerial photograph cannot be conducted the evaluation of the area of forests can use the latest TM 5 satellite image map with a resolution of 30 meters with a scale of 1 : 100,000 of band 432 (quasi colour) or of band 542 (natural colour) or spot image with a resolution of 20 meters with a scale of 1 : 100,000 or radar image with a scale of 1 : 100,000 or a radar photograph with a scale of 1 : 50,000.

b. The performance of the holder of HPH in managing forests and meeting obligations in accordance with FA/SK HPH and the existing legislation.

c. The requirements as meant in Article 5 and the documents as meant in Article 6.

(3) The result of the evaluation as meant in paragraph (2) shall be submitted to the Minister of Forestry to obtain a decision.

Article 9

If the application for the extension of HPH is rejected, the *Minister of Forestry shall issue a notification on rejection* to the relevant company along with the reasons for the rejection whose concept is prepared by the Director General of Forest Concessions.

Article 10

(1) If the Minister of Forestry approves the application for the extension of HPH, the holder of HPH shall draw up and submit the Working Plan for Forest Management covering the following period of forest management as a whole not later than 2 (two) years starting from the stipulation of the Decree of the Minister of Forestry on the extension of the relevant HPH.

(2) Based on the evaluation by the Director General of Forest Concessions the submitted project proposal as meant in Article 6 letter c shall be regarded as the proposal of the working plan for forest management covering the entire period of forest management.

(3) Further provisions on the drawing up, evaluation and validation of working plans for forest management shall be stipulated in accordance with the prevailing legislation.

Article 11

Based on the approval extension of HPH as meant in Article 10 paragraph (1) the Director General of Forest Concession shall issue an instruction for the payment of forest concession fees (SPP-IHPH) to the relevant company.

Article 12

(1) The company shall settle the payment of forest concession fees not later than 60 (six) work days starting from the receipt date of SPP-IHPH in accordance with the prevailing provision.

(2) If the company already settles the payment of forest concession fees as meant in paragraph (2) the Director General of Forest Concessions shall prepare a concept of decision on the extension of HPH and submit it to the Minister of Forestry through the Secretary General.

(3) The Minister of Forestry shall stipulate a decision on the extension of HPH.

CHAPTER V

OTHER PROVISIONS

Article 13

(1) If the requirements as meant in Articles 2 and 5 are already met, while not all of the documents as meant in Article 6 are met due to the consideration of the survival of industry, the Minister of Forestry shall give provisional extension to the holder of expired HPH within a limited period with the provision that the documents as meant in Article 6 paragraph (3) shall be met in giving the provisional extension of HPH.

(2) If the Minister of Forestry approves the provisional extension of HPH as meant in paragraph (1), the Director General of Forest Concessions shall prepare a concept of decision on the provisional extension of HPH and submit it to the Minister of Forestry through the Secretary General.

(3) The Minister of Forestry shall stipulate the decision on the provisional extension of HPH.

Article 14

(1) If HPH is likely extended, while the investment capability and/or HPH management of the holder of HPH are considered weak, the extension of the relevant HPH shall involve the state-owned company under the management of the Minister of Forestry.

(2) The provision as meant in paragraph (1) shall separately be regulated.

Article 15

(1) The RKPH proposal of the holder of HPH fulfiling the prevailing provisions shall be submitted as supplement to the application for the extension of HPH and as a substitute for project proposal as meant in Article 6 letter c.

(2) The holder of HPH having the Working Plan for Forest Management covering the entire period of forest management and validated by the Department of Forestry at a time when SK HPH expires the Working Plan for Forest Management shall serve as one of considerations for the extension of HPH.

Article 16

(1) If the Minister of Forestry rejects the application for the extension of HPH, the SK HPH of the relevant company shall be invalid by itself starting from the expiry date of the relevant SK HPH.

(2) If the holder of HPH files an application for the extension of HPH at a time other than that regulated in the time schedule as meant in Article 7 paragraph (2), the holder of HPH shall be considered not to have filed an application for the extension of HPH.

CHAPTER VI

CLOSING PROVISIONS

Article 17

(1) With the stipulation of this decree, the Decree of the Minister of Forestry Number 649/Kpts-II/1990 dated November 8, 1990 on the requirement and procedure for filing applications for and making an evaluation of the extension of HPH shall be declared null and void.

(2) The holders of HPH filing applications for the extension of HPH before the issuance of this decree shall make an adjustment to the provisions in this decree.

Article 18

This decree shall come into force as from the date of stipulation.

Stipulated at : Jakarta
On : January 17, 1994

THE MINISTER OF FORESTRY

signed

DJAMALUDIN SURYOHADIKUSUMO